

RCC-REP-18-03

Rules Change Committee 2018 Semestral Report

JULY TO DECEMBER 2018

JANUARY 2019

This Report is prepared by the Philippine Electricity Market Corporation-Market Assessment Group for the Rules Change Committee.



**Philippine Electricity
Market Corporation**

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I. INTRODUCTION

In compliance with its mandate under the WESM Rules¹ and the WESM Manual on the Procedures for Changes to the WESM Rules (“Rules Change Manual”), the Rules Change Committee (RCC) submits this Report, covering the period July to December 2018. This report sets out the following:

- i. All proposals to amend the Market Rules and Manuals which have been submitted to and deliberated upon by the RCC for the covered period; and
- ii. Status of RCC priorities outlined in the 2018 RCC Work Plan.

II. ACCOMPLISHMENTS AND WORK PROGRESS

The RCC held six (6) regular meetings during the period July to December 2018 to discuss and deliberate upon several proposed amendments to the WESM Rules and Manuals, which are aimed at enhancing market design, as well as refining processes and operations appropriate for the current market setting.

For 2018, the RCC has completed its review and processing of **30** Market Rules and Manual change proposals, including the adoption of a new Market Manual. To date, the RCC has completed the processing of 25 new Manuals and 220 amendments to the Rules and Manuals.

Table 1: Number of Proposed Amendments Processed from 2005 to 2018 (Approved and Disapproved)

| | ‘05 | ‘06 | ‘07 | ‘08 | ‘09 | ‘10 | ‘11 | ‘12 | ‘13 | ‘14 | ‘15 | ‘16 | ‘17 | ‘18 |
|-----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| New Manuals | 6 | 12 | 0 | 1 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 2 | 0 | 1 |
| WESM Rules | 7 | 9 | 0 | 3 | 0 | 6 | 3 | 6 | 8 | 8 | 6 | 7 | 4 | 9 |
| WESM Manuals | 0 | 20 | 3 | 1 | 1 | 9 | 2 | 4 | 6 | 19 | 10 | 21 | 15 | 12 |
| Retail Rules | - | - | - | - | - | - | - | - | - | 0 | 1 | 0 | 2 | 3 |
| Retail Manuals | - | - | - | - | - | - | - | - | - | 3 | 0 | 0 | 2 | 4 |

¹WESM Rules, Clause 8.6.5

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| | '05 | '06 | '07 | '08 | '09 | '10 | '11 | '12 | '13 | '14 | '15 | '16 | '17 | '18 |
|-----------------------|-----------|-----------|----------|----------|----------|-----------|----------|-----------|-----------|-----------|----------------------------------|-----------|-----------|------------|
| Others | 0 | 1 | 0 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Total per year | 13 | 42 | 3 | 7 | 3 | 15 | 6 | 11 | 14 | 31 | 17 | 30 | 23 | 30 |
| | | | | | | | | | | | Total Number of Proposals | | | 245 |

Of the 245 proposals deliberated upon since 2005, the RCC disapproved nine (9) proposals or 4% of the total. Disapproved proposals were usually re-developed and re-submitted by the proponent to the RCC as new proposals.

Proposed amendments may be initiated by various Market Participants, industry stakeholders and PEMC itself, as presented below:

Table 2: Number of Proposed Amendments by Proponent from 2005 to 2018

| Proponent | 2018 | As of 2018 | Percentage |
|---|-------------|-------------------|-------------------|
| Market Participants/ WESM Stakeholders | 0 | 39 | 16% |
| WESM Governance Committees | 11 | 58 | 24% |
| PEMC-Market Operator | 19 | 148 | 60% |
| TOTAL | 30 | 245 | 100% |

For the second half of 2018, the RCC deliberated three (3) rules and manuals change proposals. Two of the three proposals were approved, for which resolutions were submitted to the PEM Board, while the third is still under deliberation. The RCC likewise completed a discussion paper on a study requested by the PEM Board regarding Line Rental Trading Amounts in Cross-Grid Power Supply Agreements.

A summary of the RCC's deliberations on proposed amendments during the period July to December 2018 are provided in the succeeding sections. All the minutes of the RCC's meetings and Resolutions are published in the market information website (www.wesm.ph/inner.php/downloads) for public information.

II.A. RCC-Approved Amendments and Studies**1. Proposed Amendments to the WESM Rules regarding Enforcement and Compliance and Proposed New Market Manual on Enforcement and Compliance**

On 06 December 2016, PEMC and the Market Surveillance Committee jointly submitted to the RCC the proposed amendments to the WESM Rules and proposed new market manual on Enforcement and Compliance, which was intended to stand as a separate manual from the existing Market Surveillance, Compliance and Enforcement Manual ("MSC Manual"). The new manual will provide details on the guidelines and procedures for enforcement and compliance in the WESM. This entails amending applicable provisions in Chapters 1 and 7 of the WESM Rules and, concurrently, excising the sections and clauses pertaining to enforcement and compliance from the current MSC Manual.

Deliberations on the proposal were conducted during the RCC's 127th, 128th, 129th, 131st and 132nd meetings held on 17 March, 11 April, 19 May, 07 July and 10 August 2017, respectively.

Upon the proponents' request, the RCC deferred the endorsement of the proposal to the PEM Board until a separate proposal to amend the WESM Penalty Manual that were expected to create further changes to the then-approved revisions to the MSC Manual and proposed ECO Manual is finalized.

With the proponent's submission of further amendments to the latest version of the proposal as approved by the RCC in August 2017, discussions resumed on 01 June 2018 during the RCC's 141st meeting. Noting that the further changes would significantly amend the RCC-approved draft version of the proposal, the same was again published in the market information website to request comments from Market Participants and stakeholders.

Comments received from Aboitiz Power Corporation and FirstGen Corporation and the proponents' response to the same were given due course during the RCC deliberation on 03 August 2018. On the same date the RCC approved the endorsement of the proposal to the PEM Board per RCC Resolution No. 2018-06.

The PEM Board discussed the proposal during its 3rd meeting on 30 August 2018 and subsequently approved the endorsement of the same to the DOE per PEM Board Resolution No. 2018-03-06.

RCC-REP-18-03**2. Proposed Amendments to the WESM Rules and WESM Market Surveillance, Compliance and Enforcement Market Manual**

The MSC submitted to the RCC on 29 December 2016 the Proposed Amendments to the WESM Rules and WESM Manual on Market Surveillance, Compliance and Enforcement, and presented the same during the 123rd RCC Meeting on 13 January 2017. The proposal aims to enhance the market surveillance processes pertaining to: (a) market monitoring, assessment and surveillance; and (b) enforcement and compliance, as well as to harmonize the same with the ERC-PEMC Protocol pertaining to investigation of anti-competitive behavior.

The RCC deliberated on the proposal during its 127th, 129th and 130th Meetings held on 17 March, 19 May and 09 June 2017, respectively, and thereafter approved the proposal as revised.

Upon the MSC's request, the RCC deferred the endorsement of the proposal to the PEM Board until a separate proposal to amend the WESM Penalty Manual, which are expected to create further changes to the MSC Manual and the proposed ECO Manual (see item IIB, #1), is finalized.

With the submission of further amendments to the latest version of the proposal as approved by the RCC in June 2017, discussions resumed on 01 June 2018 during the RCC's 141st Meeting. Noting that the further changes would significantly amend the RCC-approved draft version of the proposal, the RCC agreed to publish the same in the market information website to request comments from Market Participants and stakeholders.

Comments received from Aboitiz Power Corporation and FirstGen Corporation and the MSC's response to the same were given due course during the RCC's subsequent deliberation on 03 August 2018. On the same date the RCC approved the endorsement of the proposal to the PEM Board per RCC Resolution No. 2018-06.

The PEM Board discussed the proposal during its 3rd meeting on 30 August 2018 and subsequently approved the endorsement of the same to the DOE per PEM Board Resolution No. 2018-03-06.

RCC-REP-18-03**3. Discussion Paper on Line Rental Trading Amounts in Cross-Grid Power Supply Agreements**

During the PEM Board meeting on 30 May 2018, the DOE raised its concerns regarding extremely high or negative line rental trading amounts² (LRTA) observed in cross-grid Power Supply Agreements. Hence the DOE, through the PEM Board, sought the assistance of the RCC to undertake the following in order to assess whether rules changes are necessary to address said LRTA results:

- review current Line Rental formula computation if it reflects actual System Line and Loss Congestion Charges and provide reasons line rental amounts are being credited instead of being debited;
- identify existing Cross-Grid Power Supply Agreements (PSA) and assess its material effects to the paying consumers;
- assess the advantages in bidding at negative cap (Php -10,000/kWh) for a typical generation company trader and its effect on the LRTA computation; and
- examine the ERC's methodology in the approval of cross-grid PSAs

The RCC deliberated and developed the discussion paper during its 141st to 144th meetings on 01 June, 06 July, 03 August and 07 September 2018. With the assistance of the PEMC-Market Assessment Group, the RCC reviewed how LRTA is calculated and whether Line Loss and Congestion is reflected in the settlement prices considering various pricing conditions in the Luzon and Visayas regions (i.e., normal condition, congestion pricing error, non-congestion pricing error, and market intervention and suspension). Using actual hourly zonal prices from January 2017 to May 2018, a simulation was also conducted to observe LRTA outcomes for a Customer in North Luzon having a bilateral contract with a Generator located in different settlement zones in Luzon and Visayas, and vice versa.

The RCC concluded that three major factors affect LRTA, namely:

- a) Line Loss and Congestion Charges (LLCC);
- b) different pricing conditions which tend to not reflect the actual LLCC; and
- c) constraints in the HVDC and other submarine cables.

The body thus provided the following comments and recommendations on the issues raised by the DOE:

- a) There may be no need to amend the current provisions in the WESM Rules for calculating LRTA;

² Line Rental Trading Amount constitutes the loss and congestion cost associated with the delivery of the declared bilateral contract quantity from the generator node to the customer node. The loss and congestion cost is represented by the difference in the customer and generator nodal prices.

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- b) Significant nodal price differences between regions may be lessened, thus reducing the occurrence of constraints in the system, through the realization of on-going and planned network resiliency projects of both Network Service Providers of transmission and distribution systems;
- c) Incidences of “excessively” high LRTAs should be looked into on a case-to-case basis. If there are some DUs that may have been disadvantaged by high LRTAs, it is recommended that these DUs be made aware of ways to protect their captive customers such as imposing caps on line rental rates in their PSAs;
- d) A deeper study on the effects of LRTA to the end-users may be undertaken but will require extensive knowledge and details of the Power Supply Agreements; and
- e) Concerns regarding the procedures and assessments for the approval of cross-grid Power Supply Agreements may be raised with the Energy Regulatory Commission.

The PEM Board approved the RCC’s discussion paper³ and its recommendations for endorsement to the DOE during its 4th meeting on 26 September 2018.

II.B. On-Going Proposals and Discussions

During the period covered of this Report, the RCC likewise discussed the following:

1. Proposed Amendments to the Retail Rules, WESM Rules and Various Market Manuals to Reduce Barriers to Entry and Participation in Retail Competition*a) Proposed Amendments to the Retail Rules and WESM Rules*

PEMC submitted the captioned proposal to the RCC on 04 July 2018 to effect the following amendments:

- make the registration of Contestable Customers in the WESM voluntary;
- require Distribution Utilities to submit to the Central Registration Body accurate customer and metering information of all eligible Contestable Customers; and
- reduce the processing time of switch requests from 30 calendar days to 5 working days.

The above changes are deemed to encourage the entry and participation of Contestable Customers in retail competition, which will lead to increased competition in the Retail Market. The implementation of the proposed amendments would also facilitate the

³ The may be downloaded from the WESM website: Home > Downloads > RCC Reports > [RCC Discussion Paper - DOE Concerns Regarding PSAs](#)

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eventual reduction of the contestability threshold to the household level as envisioned in the DOE Circular No. DC2017-12-0013⁴.

The proposal was published in the market information website on 06 August 2018 to solicit comments from WESM Members, stakeholders and interested parties. Following the 30-working day commenting period, comments were received from First Gen Energy Solutions, Inc., MERALCO and San Miguel Energy Corporation.

Deliberations on the proposal commenced on 05 October 2018 during the 145th RCC meeting wherein the body considered the comments and the proponent's responses thereto. Of particular point of interest was the proposed reduction in the switching process timeframe, which, from the discussions, was found to be in need of greater detail and clarity for its implementation. The proponent was, thus, requested to revise the portions of the proposal regarding the processing of switch requests for better clarity, and to likewise submit the necessary revisions to the relevant Market Manuals (see item [b] below).

The revised portions of the proposed changes to the Retail Rules and WESM Rules were subsequently posted in the market information website for comments of WESM Members and stakeholders on 10 December 2018.

b) Proposed Amendments to Various Market Manuals

The RCC resumed the discussion of the proposal on 06 December 2018 during its 147th meeting where the IEMOP presented the revisions to the WESM and Retail Manuals affected by the proposal described in the preceding item [a].

Four (4) Retail Manuals and one (1) WESM Manual are sought to be revised, the summary of which are provided below:

| Manuals | Description of Proposed Change |
|--|---|
| Retail Manual on Registration Criteria and Procedures | <ul style="list-style-type: none"> Added detailed procedures for the registration of contestable customers by the Central Registration Body Included registration procedures for Suppliers and Retail Metering Services Providers |
| Retail Manual on Market Transactions Procedures | <ul style="list-style-type: none"> Revised registration requirements to attestations from copies of agreements Reflected revised switch processing timeline Removed billing period restriction in the start of switch date |

⁴ DOE Department Circular No. DC2017-12-0013 dated 29 November 2017 – *Providing Policies on the Implementation of Retail Competition and Open Access (RCOA) for Contestable Customers in the Philippines Electric Power Industry*

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| Manuals | Description of Proposed Change |
|---|---|
| Retail Manual on Metering Standards and Procedures | <ul style="list-style-type: none"> • Relaxed metering interval requirement • Streamlined metering installation registration requirements • Reflected provisions under PDC 2017 assigning the responsibility for validating and estimating retail metering data to the Distribution Utilities • Proposed transfer of Retail Metering Services Provider performance monitoring to PEMC as the WESM governing body |
| Retail Manual on Disclosure and Confidentiality of Contestable Customer Information | <ul style="list-style-type: none"> • Deleted publication of bilateral contract info (WESM data) |
| WESM Manual on Billing and Settlement | <ul style="list-style-type: none"> • Provided detailed procedures for the assessment of the change in prudential requirements of a Supplier during switch |
| WESM Manual on Registration, Suspension, and De-Registration Criteria and Procedures | <ul style="list-style-type: none"> • Added restrictions on direct member counterparty and contract enrollment for contestable customers (i.e., should be suppliers only) |

The proposed amendments to the above-mentioned Manuals were posted in the market information website for comments of WESM Members and stakeholders on 10 December 2018.

2. Proposed Amendments to the WESM Rules and WESM Manual on Guidelines on Significant Variations In and Between Trading Intervals to Refine Publication Procedures

Preliminary discussions were made on the subject proposal from IEMOP submitted on 28 November 2018. The proposal aims to change the mode of transmittal of the monthly summary of Daily Significant Variations Report from hard copy printout to publication in the market information website for the public to access. This report is provided to the DOE, ERC, the PEM Board, Market Surveillance Committee and any WESM member requesting for the same (per Section 3.1.5 of the relevant Manual).

The proposal was posted in the market information website for comments of WESM Members and stakeholders on 10 December 2018.

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3. Proposed Amendments to Provisions related to Audit and Performance Monitoring under the WESM Rules, Retail Rules, PEM Audit Manual, and Guidelines Governing the Constitution of PEM Board Committees

The RCC received the subject proposal from the PEM Audit Committee (PAC) on 04 December 2018. The proposed amendments intend to introduce enhancements to the current preparation and implementation of market audits and the performance monitoring of WESM service providers. The proposal also aims to clarify the responsibilities of the PAC.

The proposal specifically seeks to, among others:

- a) include the review of the System Operator as to its responsibilities in the WESM among market audits;
- b) develop and monitor System Operator Performance Standards;
- c) change the term “PEM Auditor” to “PEM Audit Committee”;
- d) enhance and clarify the audit process and its timeline, including engagement of external auditors and the frequency of market audits; and
- e) clarify that the PAC “oversees” instead of “conduct” market audits

The proposal was posted in the market information website for comments of WESM Members and stakeholders on 10 December 2018.

II.C. Status Update of Proposals Approved by the Rules Change Committee and the PEM Board from July to December 2018

| | RCC Resolution | Proposals | PEM Board Resolution | DOE Approval |
|----------|--|--|--------------------------------|--|
| 1 | RCC letter to PEM Board (dated 27 September 2017) | Confirmation of Approval of the Proposed New Schedule of WESM Arbitration Fees and Costs | 2017-30 (26 October 2017) | DOE DC No. DC2018-05-0016 (18 May 2018) |
| 2 | RCC Resolution No. 2017-10 | Proposed Amendments to the WESM Rules and Various WESM Manuals regarding Metering Standards and Procedures and Metering Point Location | 2017-35C (06 December 2017) | DOE DC No. DC2018-05-0015 (15 May 2018) |

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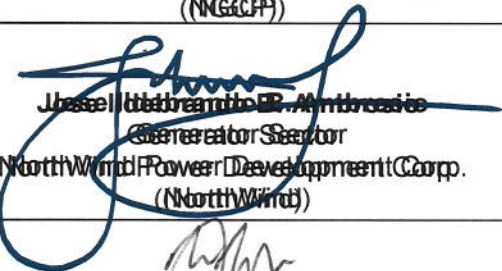






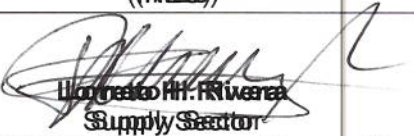
| | RCC Resolution | Proposals | PEM Board Resolution | DOE Approval |
|----------|-----------------------------------|---|---|---|
| 3 | RCC Resolution No. 2017-12 | Proposed Amendments to the WESM Manual on Dispute Resolution regarding Mediation and Arbitration Procedures | 2018-13 (28 February 2018) | DOE DC No. DC2018-05-0016 (18 May 2018) |
| 4 | RCC Resolution No. 2017-13 | Proposed Amendments to the WESM Rules and WESM Manual of Procedures for Changes to the WESM Rules Issue 2.0 | 2018-14 (28 February 2018) 2018-16 (21 March 2018) | DOE DC No. DC2018-07-0018 (02 July 2018) |
| 5 | RCC Resolution No. 2018-01 | Proposed Amendments to the WESM Rules and WESM Manuals regarding Transitory Provisions for the Pre-integration of WESM Mindanao | 2018-19 (03 May 2018) | DOE DC No. DC2018-06-0017 (26 June 2018) |
| 6 | RCC Resolution No. 2018-02 | Proposed Amendments to the WESM Rules to Implement the Approved Plan for Transition to the Independent Market Operator of the WESM | 2018-20 (03 May 2018) | On-going |
| 7 | RCC Resolution No. 2018-04 | Proposed Amendments to the WESM Rules and Market Manuals on the Participation of Energy Storage Systems in the WESM | 2018-27 (30 May 2018) | DOE DC No. DC2018-08-0022 (06 August 2018) |
| 8 | RCC Resolution No. 2018-05 | Proposed Amendments to the WESM Rules and WESM Manual on Registration, Suspension and De-registration Criteria and Procedures for Additional Trading Participant Category – Wholesale Electricity Market Trader | 2018-28 (30 May 2018) | On-going |
| 9 | RCC Resolution No. 2018-05 | Proposed Amendments to the WESM Rules and Various WESM Manuals related to Market Surveillance, Enforcement and Compliance | 2018-03-05 (03 August 2018) | On-going |

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Beginning 2019, significant proposed rules changes will undergo public consultation spearheaded by the DOE to provide an avenue for the general public to submit comments and inputs. Public consultation for the subject proposal will be held in three separate occasions in Luzon, Visayas and Mindanao in January 2019.

III. WAY FORWARD

All proposals not completed or submitted to the RCC in 2018 will be carried-over to the 2019 Work Plan. The RCC 2019 Work Plan is under development to align with PEMC's corporate vision, mission and desired outcomes towards 2021.

| | |
|---|---|
| <p>Approved by:</p> <p>FRUITS CHANGE COMMITTEE</p>  <p>Maria Lourdes G. de Castro Chairperson Independent</p> | |
| <p>Members:</p> | |
|  <p>Concepcion I. Tangkoo Independent</p> |  <p>Francisco L. R. Castro, Jr. Independent</p> |
|  <p>Allan C. Narves Independent</p> |  <p>Isitho E. Castro, Jr. Market Operator Independent Electricity Market Operator of the Philippines (IEMOP)</p> |
|  <p>Antonio R. Rosales System Operator National Grid Corporation of the Philippines (NGCP)</p> |  <p>Adnan B. Tolentino Generation Sector Power Sector Assets and Liabilities Management Corporation (PSALM)</p> |
|  <p>Jhessil Labrador B. Ambrosio Generation Sector North Wind Power Development Corp. (North Wind)</p> |  <p>Chenny A. Javier Generation Sector Abadiz Power Corp. (APC)</p> |
|  <p>Dixie Anthony R. Banzon Generation Sector Masinloc Power Partners Co., Ltd. (MPPCL)</p> |  <p>Cipriño C. Manesias Distribution Sector (PDU) Manila Electric Company (MERALCO)</p> |
|  <p>Ricardo G. Gumalal Distribution Sector (PDU) Iligan Light and Power, Inc. (ILPI)</p> |  <p>Jose P. Santos Distribution Sector (EEC) Ilocos Norte Electric Cooperative, Inc. (INEC)</p> |
|  <p>Virgilio C. Fortich, Jr. Distribution Sector (EEC) Cebu Electric Cooperative, Inc. (CEBECOS)</p> |  <p>Honesto R. Rivera Supply Sector Tadwi (Philippines) Energy Corporation (TPEEC)</p> |

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ANNEX A: Members of the RCC as of December 2018

| Sector | Representative Organization | Members | |
|-------------------|---|--|---|
| | | Principal | Alternate |
| Independent | | Maila Lourdes G. de Castro (Chairperson) | - |
| | | Francisco L.R. Castro, Jr. | - |
| | | Concepcion I. Tanglao | - |
| | | Dr. Allan C. Nerves | - |
| Market Operations | Independent Market Operator of the Philippines (IEMOP) | Isidro E. Cacho, Jr. | Edwin N. Mosa |
| System Operations | National Grid Corporation of the Philippines (NGCP) | Ambrocio R. Rosales | Henry V. Dela Cruz |
| Generation | NorthWind Power Development Corporation | Jose Ildebrando B. Ambrosio | - |
| | Power Assets & Liabilities Management Corporation (PSALM) | Abner B. Tolentino | Ma. Erliza C. Casas |
| | Aboitiz Power Corporation (APC) | Cherry A. Javier | - |
| | Masinloc Power Partners Co. Ltd. (MPPCL) | Dixie Anthony R. Banzon | - |
| Distribution | PDU – Manila Electric Company (MERALCO) | Ciprinilo C. Meneses | Ryan S. Morales |
| | PDU – Iligan Light and Power, Inc. | Ricardo G. Gumalal | |
| | EC – Ilocos Norte Electric Cooperative (INEC) | Jose P. Santos | Roy Rosario F. Alimbuyuguen |
| | EC – Cebu III Electric Cooperative, Inc. (CEBECO3) | Virgilio C. Fortich, Jr | - |
| Supply | TeaM (Philippines) Energy Corporation | Lorreto H. Rivera | - |
| Observers | Department of Energy (DOE) | Dir. Mario C. Marasigan | Ferdinand B. Binondo Luningning Baltazar |

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ANNEX B: Status of the 2018 RCC Work Plan

| Item | Proposed Amendment | Proponent | Deliverables | Description | Remarks | Proponent's Target Period of Submission to the RCC/ Date Submitted | RCC's Target Period of Submission to the PEM Board | Status |
|------|---|--|-------------------------|--|---|---|--|--|
| 1 | Proposed Amendments to the WESM Rules and Proposed Enforcement and Compliance Manual | PEMC and Market Surveillance Committee | WESM Rules, WESM Manual | To provide for the authority of PEMC and the PEM Board to investigate and impose sanctions to non-complying participants | <ul style="list-style-type: none"> Submitted on 06 December 2016 Deliberated on March, April, May, July and August 2017 Deferred endorsement to PEM Board to await changes to the WESM Penalty Manual As of April 06, 2018: proponent target resumption of deliberation was moved from Q1 to Q2 2018 as development of proposed amendments to WESM Penalty Manual is still on-going | <i>Resumption of deliberation within Q2 2018 (submitted on 15 May 2018)</i> | Q3 2018 | completed (RCC-RESO-18-06 dated 03 Aug 2018) |

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| Item | Proposed Amendment | Proponent | Deliverables | Description | Remarks | Proponent's Target Period of Submission to the RCC/ Date Submitted | RCC's Target Period of Submission to the PEM Board | Status |
|------|---|-------------------------------|-------------------------|--|---|--|--|--|
| 2 | Proposed Amendments to the WESM Rules and Market Surveillance, Compliance and Enforcement Manual | Market Surveillance Committee | WESM Rules, WESM Manual | To set out the definitions of breaches and the procedures on compliance monitoring and enforcement actions | <ul style="list-style-type: none"> Submitted on 29 December 2016 Deliberated on March, May, and June 2017 Deferred endorsement to PEM Board to await changes to the WESM Penalty Manual As of April 06, 2018: proponent target resumption of deliberation was moved from Q1 to Q2 2018 as development of proposed amendments to WESM Penalty Manual is still on-going | <i>Resumption of deliberation within Q2 2018 (submitted on 01 June 2018)</i> | Q3 2018 | completed (RCC-RESO-18-06 dated 03 Aug 2018) |

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| Item | Proposed Amendment | Proponent | Deliverables | Description | Remarks | Proponent's Target Period of Submission to the RCC/ Date Submitted | RCC's Target Period of Submission to the PEM Board | Status |
|------|---|-----------|--------------|--|--|--|--|----------------------|
| 3 | Proposed Amendments to the WESM Manual on Metering Standards and Procedures regarding MSP Performance Rating | PEMC | WESM Manual | Proposed new computation of MSP Rating | <ul style="list-style-type: none"> Submitted on 10 March 2016 Approved by the RCC on 10 November 2017 (RCC-RESO-17-10) in conjunction with other proposed amendments to the WESM Metering Manual Remanded by the PEM Board for further study to make performance measures on a per Market Participant basis per PEM Board Resolution No. 2017-35D (06 December 2017) As of April 24, 2018: proponent moved target submission to RCC from Q1 to Q2 2018 | Q2 2018 | Q3 2018 | carried-over to 2019 |

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| Item | Proposed Amendment | Proponent | Deliverables | Description | Remarks | Proponent's Target Period of Submission to the RCC/ Date Submitted | RCC's Target Period of Submission to the PEM Board | Status |
|------|---|-----------|-------------------------|---|--|---|--|----------------------|
| 4 | Proposed Amendments to the WESM Manual on Registration, Suspension and De-Registration Criteria and Procedures | PEMC | WESM Manual | <ul style="list-style-type: none"> To streamline procedures and address audit observations To incorporate the treatment/modelling of embedded generation and generation monitoring (gross or net of station use) | <ul style="list-style-type: none"> Submitted on 29 December 2016 Approved by the RCC on 19 May 2017 (RCC-RESO-17-06) Remanded by the PEM Board to the RCC and Market Operator for holistic review of the registration process and procedures PEM Board Resolution No. 2017-19 (18 September 2017) | Q3 2018 | Q4 2018 | carried-over to 2019 |
| 5 | Proposed WESM Rules revision regarding reportorial requirements of the Daily Significant Variations Report | PEMC | WESM Rules, WESM Manual | Amendments to reflect that submission of a printed copy of the DSVR to the DOE, ERC, PEM Board, WESM Members and interested entities (Clause 1.3.1.5) is no longer necessary since said report is accessible to the public (i.e., report is published on a daily basis through WESM website). | <ul style="list-style-type: none"> Proposed to be submitted by proponent in 2016 April 06, 2018: proponent moved target period of submission from Q1 to Q2 2018 As of June 25, 2018: deferred submission to RCC due to on-going audit and testing of NMMS; new target period to be determined by PEMC-TOD | <i>submitted on 28 November 2018</i> | Q1 2019 | carried-over to 2019 |

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| Item | Proposed Amendment | Proponent | Deliverables | Description | Remarks | Proponent's Target Period of Submission to the RCC/ Date Submitted | RCC's Target Period of Submission to the PEM Board | Status |
|------|---|-----------|-------------------------|--|---|---|--|--------------------------------|
| 6 | Proposed Amendments to the Retail and WESM Rules to Reduce Barriers to Entry and Participation in Retail Competition | PEMC | WESM Rules, WESM Manual | <ul style="list-style-type: none"> • To remove requirement for CCs to directly register with the WESM and to propose that CCs' registration be through the RES counter-party • To represent RESes in the WESM Model/Operations and to revise settlement formula in consideration of RES transactions | <ul style="list-style-type: none"> • Currently being discussed by RESA with the PEMC Transition Committee • Proponent moved the target period of submission to RCC from Q1 to Q3 2018 | Q3 2018 (submitted on 04 July 2018) | Q4 2018 | on-going; carried-over to 2019 |

RCC- REP-18-03

| Item | Proposed Amendment | Proponent | Deliverables | Description | Remarks | Proponent's Target Period of Submission to the RCC/ Date Submitted | RCC's Target Period of Submission to the PEM Board | Status |
|------|---|---------------------|-------------------------|--|--|---|--|--|
| 7 | Proposed Amendments to WESM Rules and PEM Audit Committee Manual | PEM Audit Committee | WESM Rules, WESM Manual | <ul style="list-style-type: none"> Proposed to be submitted by proponent in 2017 Proposed changes on audit provisions including the renaming of the PEM Auditor and Audit of Metering Arrangements audit title, frequency of audits, and inclusion of rules regarding MSP's compliance to metering installation requirements and rules providing for the review of all new market-related software and modifications to existing software implemented by the Market Operator (MO) as identified through the ICT Change Management Procedure. | <ul style="list-style-type: none"> As of April 06, 2018: proponent moved target period of submission from Q1 to Q2 2018 | Q4 2018 (submitted on 04 December 2018) | Q1 2019 | carried-over to 2019 |
| 8 | Proposed Amendments to the WESM Rules and Market Manuals on the Participation of Non-Generator Resources and | Technical Committee | WESM Rules, WESM Manual | <ul style="list-style-type: none"> In compliance with DOE Circular No. DC2015-10-0015 Subject to DOE policy and | | Q1 2018 (submitted on 29 Jan 2018) | Q2 2018 | completed (RCC-RESO-18-04 dated 04 May 2018) |

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| Item | Proposed Amendment | Proponent | Deliverables | Description | Remarks | Proponent's Target Period of Submission to the RCC/ Date Submitted | RCC's Target Period of Submission to the PEM Board | Status |
|------|--|-----------|--------------------------|--|---|---|--|---|
| | Pumped-Storage Units in the WESM | | | ERC guidelines on BES and other modes of operation in the WESM. Also on the ERC approval of the ASRS/ASPP | | | | |
| 9 | Rules Changes as required by the Transition to Independent Market Operator (Batch 1) | PEMC | WESM Rules, WESM Manuals | Amendments to clauses in the WESM Rules related to Governance and to the WESM Registration Manual | | Q1 2018 (submitted on 08 Mar 2018) | Q2 2018 | completed (RCC-RESO-18-02 dated 25 Apr 2018) |
| 10 | Rules Changes as required by Renewable Energy Market, Renewable Portfolio Standards and Green Energy Option Program | PEMC | WESM Rules, WESM Manuals | <ul style="list-style-type: none"> Amendments to the WESM Manuals on Registration, Billing and Settlement and Metering New Manual on RPS/RE Market | Contingent on the DOE's promulgation of RE Market Rules | 2019 | 2019 | carried-over to 2019 |
| 11 | Rules Changes as required by Implementation of WESM Mindanao | PEMC | WESM Rules, WESM Manuals | <ul style="list-style-type: none"> Amendments to the WESM Rules and WESM Manuals on Registration, Billing and Settlement and Metering Amendments related to the treatment of transactions in WESM Mindanao | | Q1 2018 (submitted on 05 Mar 2018) | Q2 2018 | completed (RCC-RESO-18-01 dated 25 Apr 2018) |

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| Item | Proposed Amendment | Proponent | Deliverables | Description | Remarks | Proponent's Target Period of Submission to the RCC/ Date Submitted | RCC's Target Period of Submission to the PEM Board | Status |
|------|---|-----------------|--------------------------|--|--|---|--|---|
| 12 | Rules Changes on the Participation of Wholesale Traders in the WESM | PEMC | WESM Rules, WESM Manuals | Amendments to the WESM Rules and WESM Manuals on Registration, Billing and Settlement and Metering | | Q1 2018 (submitted on 27 Feb 2018) | Q2 2018 | completed (RCC-RESO-18-05 dated 17 May 2018) |
| 13 | Rules Changes as required by the Certification Audit of New Market Management System, CRSS | PEMC | WESM Rules, WESM Manuals | After the completion of the Certification Audit (June 2018) | | 2018 | 2018 | carried-over to 2019 |
| 14 | Rules Changes as required by the Reserve Market | PEMC | WESM Rules, WESM Manuals | <ul style="list-style-type: none"> Amendments to the WESM Rules and WESM Manual on Dispatch Protocol and new Manual on Ancillary Services Proposal depends on the approval of the ERC of the Pricing Cost Recovery Mechanism | | 2018 | 2018 | carried-over to 2019 |
| 15 | Proposed Protocol on HVDC Scheduling | System Operator | WESM Rules, WESM Manuals | | As of 05 Oct 2018, proponent moved the target period of submission from Q4 2018 to Q1 2019 | Q1 2019 | Q2 2019 | carried-over to 2019 |